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COUNTY OF LOS ANGELES
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September 9, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AUTHORIZATION TO TRANSFER FUNDS TO THE STATE FOR THE EMERGENCY
SERVICES AND SUPPLEMENTAL PAYMENT FUND (SB 1255) AND DELEGATE
AUTHORITY TO THE DIRECTOR OF HEALTH SERVICES TO AMEND THE COUNTY'S
MEDI-CAL CONTRACT (All Districts) (3 Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Delegate authority to the Director of Health Services to negotiate, execute, and submit to the State Director of Health Services for signature, any amendments, up to the dollar amounts set forth in a confidential memorandum transmitted to the Board under a separate cover letter, to the County's Medi-Cal contract with the State of California, as are necessary to receive payment under the Fiscal Year 2004-05 SB 1255 program; and
2. Authorize the Auditor-Controller to make any intergovernmental transfers (IGT) to the State for the Emergency Services and Supplemental Payment Fund (Fund) which are appropriate in light of the amounts of SB 1255 funds which the County anticipates will be specified in amendments to the County's Medi-Cal contract.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

In approving these actions, the Board is delegating authority to the Director of Health Services to amend the County's Medi-Cal contract one or more times, in order to receive SB 1255 payments for Fiscal Year 2004-05. This delegated authority is limited to the amount set forth in a confidential memorandum transmitted to the Board under a separate

cover letter. The Board is further authorizing the Auditor-Controller to transfer funds to the State which are sufficient to assure that there are enough federally matchable funds available to make the SB 1255 payments which will be negotiated by the Director for each County hospital for Fiscal Year 2004-05.

The delegation of authority to the Director of Health Services to enter into Medi-Cal contract amendments related to SB 1255 payments for Fiscal Year 2004-05 is desirable to allow the Department to respond timely to any requests from the California Medical Assistance Commission ("CMAC"), as these requests often have a very short response time.

FISCAL IMPACT/FINANCING:

Under the SB 1255 Program, the County must provide an IGT which is used as the State's share of Medicaid expenditures to obtain federal matching funds.

SB 1255 funding is included in the Fiscal Year 2004-05 budget and is necessary to help finance the Department's operations.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

In recognition that State budget constraints had not permitted Medi-Cal contract hospitals to keep up with the cost of providing acute and emergency medical care to Medi-Cal recipients, in 1989, the California Legislature passed SB 1255 to establish the Fund to permit special recognition of hospitals providing a disproportionate share of their services to low income recipients. Under the SB 1255 Program, the State accepts voluntary IGTs into the Fund to provide the State's share for obtaining federal matching funds. CMAC then negotiates with eligible Medi-Cal contract hospitals, which includes all County hospitals, for distributions from the Fund.

County Counsel will review and approve any amendment to the County's Medi-Cal contract before it is executed by the Director.

Negotiations related to the Medi-Cal contract are considered confidential pursuant to Government Code Section 6254(q); accordingly, the maximum negotiating authority being delegated to the Director should also be treated confidentially. Similarly, any amendments to the County's Medi-Cal Contract will be on file with DHS' Revenue Management Division, and will be maintained in a confidential manner in compliance with Government Code Section 6254(q) which provides that a) non-rate related contract terms are not subject to public disclosure until one year from the date of execution, and b) the portion of the contract containing rates is not subject to public disclosure until three years after the contract terms can be disclosed. Consistent with the confidentiality provided for by

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Government Code Section 6254(q), the Director shall inform the Board of the exact terms of any executed contract amendment, including the amounts to be received, by confidential memorandum.

CONTRACTING PROCESS:

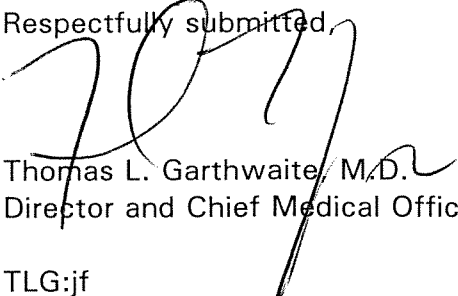
CMAC is the sole State agency with authority for negotiating SB 1255 distributions.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

SB 1255 funding helps maintain current DHS hospital operations.

When approved, this Department requires three signed copies of the Board's actions.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:jf

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller